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September 12, 2000

RECEIVED

SEP 13 2000

7:30 am
FPSC - Records/Reporting
me

ORIGINAL

VIA HAND DELIVERY

Ms. Blanca Bayo
Director, Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: In re: Emergency Petition by D. R. Horton Custom Homes, Inc. to eliminate authority of Southlake Utilities, Inc. to collect service availability charges and AFPI charges in Lake County
Docket No. 981609-WS

In re: Complaint by D. R. Horton Custom Homes, Inc. against Southlake Utilities, Inc. in Lake County regarding collection of certain AFPI charges.
Docket No. 980992-WS

Dear Ms. Bayo:

Enclosed is an original and seven (7) copies and a diskette of Southlake Utilities, Inc.'s Response to Order to Show Cause and Petition for a Hearing ("Response").

Accordingly, please file the original Response and distribute the copies and diskette in accordance with your usual procedures.

If you have any questions or need additional information concerning this matter, please do not hesitate to call me.

Sincerely yours,

Scott G. Schildberg

APP _____
~~CAF~~ _____
CME _____
COM 3
CTR _____
ECR Fletcher
LEG 1
OPC _____
PAI _____
RGO _____
SEC I Enclosures
SER _____
OTH _____

cc: Mr. Robert L. Chapman, III
Mr. William J. Deas
Samantha Cibula, Esquire
F. Marshall Deterding, Esquire

Done 9/14/00

DOCUMENT NUMBER-DATE
11383 SEP 13 2000
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Emergency Petition by) DOCKET NO. 981609-WS
 D.R. Horton Custom Homes, Inc.)
 to eliminate authority of)
 Southlake Utilities, Inc. to)
 collect service availability)
 charges and AFPI charges in Lake)
 County)

In re: Complaint by D.R. Horton) DOCKET NO. 980992-WS
Custom Homes, Inc. against)
Southlake Utilities, Inc. in)
Lake County regarding collection) DATE SUBMITTED FOR FILING
of certain AFPI charges.) September 12, 2000
)

RESPONSE TO ORDER TO SHOW CAUSE
 AND PETITION FOR A HEARING

Pursuant to Florida Public Service Commission ("Commission") Order No. PSC-00-1518-SC-WS and Rule 28-106.201, Florida Administrative Code ("FAC"), Southlake Utilities, Inc. ("Southlake" or "Respondent"), files this Response to Order to Show Cause and Petition for a Hearing, and states as follows:

1. On May 9, 2000, the Commission issued Order To Show Cause And To Provide Security For Service Availability Charges Held Subject To Refund In The Event Of A Protest And Notice Of Proposed Agency Action Order Discontinuing Water Plant Capacity Charges And AFPI Charges, Reducing Wastewater Plant Capacity Charges, And Requiring Refunds, Order No. PSC-00-0917-SC-WS, ("Initial Order").

2. The Staff Recommendation issued on April 6, 2000, which was the basis for the Initial Order, did not contain a requirement for security in the event of a protest. The issue of security was

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

raised by the Staff and the attorney for D. R. Horton Custom Homes, Inc., at the April 18, 2000, Agenda Conference.

3. At the April 18, 2000 Agenda Conference, Southlake advised the Commission that as a small Class C utility company, it would be difficult for Southlake to provide a letter of credit or a bond and that a corporate undertaking might be the only form of security available for Southlake.

4. In the text of the Initial Order, the Commission stated that:

In the event of a protest of this [Initial] Order, the utility shall file either a bond or a letter of credit, or if it qualifies, a corporate undertaking for the following:

1) Any service availability charges, paid or prepaid, for connections made between December 15, 1998, and April 18, 2000. For water, 100% of the plant capacity charges, paid or prepaid, shall be secured. For wastewater, the difference between the current plant capacity charge and the plant capacity charge set forth in this Order, paid or prepaid, shall be secured.

2) Any prepaid AFPI charges collected as of December 15, 1998, that have not been escrowed prior to April 18, 2000, shall also be secured.

5. In the ordering language of the Initial Order, the Commission stated that:

ORDERED that in the event of a protest, Southlake Utilities, Inc., shall file either a bond or a letter of credit, or if it qualifies, a corporate undertaking to secure the water and wastewater service availability charges collected between December 15, 1998, and April 18, 2000, paid or prepaid. For water, 100% of the plant capacity charges, paid or prepaid, shall be secured. For wastewater, the difference between the current plant capacity charge and the plant capacity charge

set forth in this Order, paid or prepaid, shall be secured. It is further

ORDERED that in the event of a protest, any prepaid AFPI charges collected as of December 15, 1998, that have not been escrowed prior to April 18, 2000, shall be secured.

6. The Initial Order did not provide the specific amount to be secured by a bond, letter of credit or corporate undertaking. The Initial Order did not provide a specific date for the time when such letter of credit, bond, or corporate undertaking was to be provided.

7. The Initial Order required Southlake to establish an escrow account for one hundred percent (100%) of all water plant capacity charges collected after April 18, 2000, paid or prepaid, and the difference between the current charge (\$775.00 per ERC) and the charge set forth in the Initial Order (\$240.00 per ERC) collected for all wastewater plant capacity charges after April 18, 2000, paid or prepaid. The Initial Order directed Southlake to establish an escrow account to place such plant capacity charges and Southlake has done so at the same bank at which Southlake has established its escrow account for the collection of AFPI charges as directed in Order No. PSC-99-0027-PCO-WS.

8. Southlake is placing into escrow all future collections of water plant capacity charges, wastewater plant capacity charges in excess of the \$240.00 charge per ERC, and AFPI Charges. Since such future collections of AFPI charges and plant capacity charges are secured through escrow accounts, Southlake's ongoing collection

of such charges is not increasing the level of harm, if any, which has previously occurred.

9. Because the Initial Order did not specify the amount to be secured by the bond, letter of credit or corporate undertaking, Southlake needed to determine the amounts to be secured for the categories set forth in the Initial Order. Southlake believed that it needed to first determine such amounts and then have the Staff review and approve its calculations of the proposed amounts. Accordingly, immediately following the April 18, 2000, Agenda Conference, Southlake sought to obtain consultants to determine the amounts to be secured under the Initial Order. On May 8, 2000, Southlake entered into a contract with Gustella and Associates ("Gustella"), in part to determine the amount to be secured. On May 15 and 16, 2000, Gustella conducted its first onsite review of Southlake's records.

10. On May 9, 2000, the Commission issued the Initial Order, which included a May 30, 2000, deadline to file a petition for formal hearing to protest the Initial Order.

11. On May 30, 2000, Southlake filed its Petition for a Formal Hearing. At that time, Gustella was continuing to review Southlake's records and the amounts for other categories in the Initial Order had not been determined. In order to determine the amount for security related to the AFPI charge, Gustella needed to obtain, review, and analyze information for several years in a very complex area which included AFPI true up charges. Southlake could

not provide the requested security without knowing the amount to be secured.

12. On Thursday, June 22, 2000, the Staff of the Commission orally advised Southlake that the amount of security to be provided pursuant to the Initial Order was \$735,592.00 and it was due on Monday, June 26, 2000. The filing deadline was later extended until Thursday, June 29, 2000. The Staff advised Southlake that the \$735,592.00 consisted of \$535,592.00 for service availability charges and \$200,000.00 for AFPI charges.

13. Southlake had approximately 250 connections during the time period of December 15, 1998, through April 18, 2000. Accordingly the text of the Initial Order, the security for plant capacity charges would be the water plant capacity charge for the 250 ERCs connected during the time period (250 ERCs x \$420.00/ERC = \$105,000.00) and the \$535.00 differential (\$775/ERC - \$240/ERC = \$535/ERC) in the wastewater plant capacity charge for the 250 ERCs connected during the time period (250 ERC x \$535.00/ERC = \$133,750.00), a total of \$238,750.00, which is \$296,842.00 less than the Staff's amount of \$535,592.00. The Staff's amount for the security for the service availability charges is not consistent with the text of the Initial Order but appears to be based on Staff's interpretation of the language in the ordering paragraph of the Initial Order. The \$200,000.00 for the amount of security for the AFPI charge category is an estimate by the Staff and Southlake does not know how the Staff calculated this amount.

14. Although Southlake believed that the Staff's number of \$735,592.00 for security was in error, Southlake has attempted to comply with the Staff's request for security of \$735,592.00 and sought a letter of credit or bond for that amount of security. Southlake has sought a letter of credit and related loans for security from several banks and investment bankers (e.g., First Union National Bank, Trusten Capital Partners, Wachovia Bank, Prager, McCarthy and Sealy, and Florida Choice Bank) and has also sought a bond from a bonding company (Cecil W. Powell & Co.). A brief chronology of Southlake's efforts from April 18, 2000, Agenda Conference through the July 31, 2000, the date before the August 1, 2000, Agenda Conference, to obtain a letter of credit or a bond is attached as Exhibit 1. The banks and investment banks have declined Southlake's requests for the loans and letters of credit. With respect to the bond, Southlake was advised that the only way for Southlake to obtain such a bond is to post a letter of credit or cash or cash equivalent for the requested amount. If Southlake had such assets, then it would use those assets and it would not need a bond. Accordingly, despite its good faith diligent efforts, Southlake has been unable to obtain and file a letter of credit or a bond.

15. The Initial Order stated that if the utility seeks to use a corporate undertaking, the utility shall provide the most recent three years of financial data (i.e., balance sheets or income statements). The Initial Order also said the criteria for a corporate undertaking includes sufficient liquidity, ownership

equity, profitability, and interest coverage to guarantee any potential refund. The Initial Order did not state that the criteria for its consideration of a corporate undertaking was limited to those four factors. Had the Commission desired to do so, it could have stated the criteria for a corporate undertaking include and are limited to those four factors.

16. Because it had not been able to obtain a letter of credit or a bond, Southlake prepared and submitted for filing a corporate undertaking on June 27, 2000, together with its most recent three years of financial data of balance sheets and income statements.

17. According to Southlake's annual report to the Commission for 1999, Southlake has approximately 1.7 million dollars of assets in excess of its debts. See Exhibit 2. Even though this amount is not a liquid amount, it is more than double the amount of security requested by the Staff. Such an underlying value of Southlake is sufficient to support the corporate undertaking.

18. Southlake has also negotiated with developers to in its service area to obtain an alternative form of security in its attempts to provide adequate assurances in connection with these dockets. See Exhibit 2.

19. On August 22, 2000, the Commission issued an Order Denying Corporate Undertaking and Initialing a Show Cause Proceeding, Order No. PSC-00-1518-SC-WS ("Show Cause Order").

20. The Show Cause Order did not establish a specific amount for the security to be filed pursuant to the Initial Order.

Accordingly, the Commission still has not established a specific amount for the security to be filed by Southlake.

21. Although the Staff was of the opinion that Southlake's request for approval of a corporate undertaking should be denied by the Commission prior to the Commission's vote, the Commission did not vote to deny the request until August 1, 2000, and its decision was not reduced to a written order until August 22, 2000. If the Commission had approved the use of the corporate undertaking, no letter of credit or bond would have been necessary. Despite the vote to deny, the Commission has not returned the Corporate Undertaking to Southlake.

22. The recommendation is that the per day penalty begin on May 30, 2000, even though (i) no specific amount for the security has ever been determined by the Commission; (ii) the Staff did not provide an estimated amount until June 22, 2000; (iii) there is conflict on the method of calculating the amount to be secured; and (iv) the Commission's order denying the use of the corporate undertaking was not issued until August 22, 2000. If Southlake is to be penalized at all, May 30, 2000, is too early of a date to use for the commencement of the penalty.

23. The amount of the proposed fine at \$500.00 per day is more than Southlake earns in a year. Southlake is already incurring annual losses as shown in its 1999 Annual Report to the Commission (<\$50,556.00>). Annualizing the proposed fine (\$500.00 x 365 days = \$182,500.00) results in a figure approximately equal to Southlake's annual wastewater gross revenue for 1999

(\$182,720.00). Any fine is inappropriate, but a \$500.00 per day is grossly inappropriate. See Parisi v. Broward County, 2000 WL966708, (Fla. 2000) ("the trial court erred in failing to consider evidence of petitioner's financial resources before assessing the amount of the bonded fine.")

24. The Commission has not found that Southlake has the ability to comply with the Initial Order's requirement to provide the requested security. To the contrary, the Commission found that Southlake did not even have the ability to support a corporate undertaking of \$735,592.00. Nor did the Commission determine whether Southlake had the ability to pay the proposed fine.

25. The Commission needs to determine whether Southlake has the ability to comply with the security requirement of the Initial Order or its failure to provide security cannot be willful or subject to a penalty. The essence of a show cause order is the same as a contempt order - a refusal to obey an order that the party has the ability to comply with. As stated in Lake Worth Utilities Authority ("LWUA") v. Haverhill Gardens, Ltd., 414 So. 2d 125, 127 (Fla. 4th DCA 1982),

However, though the order of contempt found LWUA in violation thereof, it did not make a finding that LWUA was able to comply and simply did not. This is important because the essence of contempt is violation of a court order that the contemnor was able to comply

with.... As the Supreme Court of Florida states in Trezevant, supra:

Under the most respectable authority on contempt that we have been able to find a "process" contempt commitment for refusing to obey an order of court must be based on an affirmative finding that it is within the power of the defendant to obey the order, and such finding must be made to appear on the face of the order of commitment, else it is void.

26. If Southlake could not comply with the security requirement of the Initial Order, such inability is not willful. In HRS v. Maxwell, 667 So 2d 980 (Fla. 4th DCA 1996), the HRS provided evidence that it could not comply with the Order because it had inadequate funding. The Court found that:

- a. Such evidence was un rebutted;
- b. the order failed to make an express finding that the party had the ability to comply with the Order's directives; and
- c. the trial court failed to find that the refusal to comply was willful.

The Appellate Court reversed the contempt order. See also HRS v. State of Florida, 616 So. 2d 66 (Fla. 1st DCA 1993) (quoting United States v. Bryan, 339 U.S. 323,330 (U.S. 1950) ("Ordinarily, one

charged with contempt of court for failure to comply with a court order makes a complete defense by proving that he is unable to comply").

27. In Spade Engineering Co. v. DEP, 697 So. 2d 974 (Fla. 2nd DCA 1997), Rookery Bay, the contemnor, attempted to comply with certain DEP standards under a consent order. Rookery Bay had unsuccessfully attempted to obtain financing from commercial lenders. Rookery Bay did hire an engineer who took steps required by the consent order. There was conflicting testimony as to whether the plant was then in compliance with DEP standards. The court found that Rookery Bay had made an effort to comply. Accordingly, the court did not believe that Rookery Bay's failure to meet the DEP standards was willful.

28. Southlake had a right to file a petition for a formal hearing on the Initial Order. Section 120.569, Florida Statutes (1999). There are no requirements for security for such petitions under Chapter 120, Florida Statutes, or the related administrative rules (Chapter 28-106, FAC). Southlake's filing of its petition was authorized by statute and was not a "willful" violation of a Commission order. Southlake intended to file a petition, it did not intend to violate an order.

29. There is no adverse affect to the public health, safety or welfare or a significant threat of such harm in connection with the alleged violations.

30. Under Section 367.161, Florida Statutes (1999), the Commission only has the authority to impose penalties for refusal

to comply with or willful violation of lawful rules, orders, or provisions of Chapter 367, Florida Statutes. Southlake has not refused to comply with such rules, orders, or statutory provisions - in fact, Southlake has been trying to comply with them. Southlake's actions are not "willful violations."

32. Southlake believes that it has complied with the Florida Statutes and FAC rules, and has tried to comply with the security requirement of the Initial Order.

33. Southlake requests a formal proceeding because this matter involves disputed issues of material fact which must be determined on the basis of an evidentiary record before a final order can be entered in this matter. The entry of a final order without a hearing, record, or sufficient notification of alleged offenses would constitute an arbitrary and capricious act by the Commission.

34. The agency involved is the Florida Public Service Commission whose address is 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850. The docket numbers are Docket Nos. 98-1609-WS and 98-0992-WS.

35. Southlake's name and address are as follows:

Southlake Utilities, Inc.
333 U.S. Highway 27
Clermont, Florida 34711

Southlake's telephone number is (352) 394-8898

Southlake's mailing address is as follows:

Southlake Utilities, Inc.
710 Avenida Cuarta North, 204
Clermont, Florida 34711
Attention: Mr. Robert L. Chapman

36. The name, address, and telephone number of Southlake's representative for the address for service purposes during the course of the proceeding is as follows:

James L. Ade, Esquire
Scott G. Schildberg, Esquire
Martin, Ade, Birchfield & Mickler, P.A.
One Independent Drive, Suite 3000
Jacksonville, Florida 32202
(904) 354-2050

37. Southlake's substantial interests will be affected because the Show Cause Order seeks:

- a. To find Southlake in violation of the Initial Order;
- b. To fine Southlake in the amount of \$500.00 per day; and
- c. To deny Southlake's use of a corporate undertaking.

38. Southlake's attorneys were served with a copy of the Initial Order on August 25, 2000, by mail.

39. Known disputed issues of material fact include the following:

- a. Whether allegations upon which the Show Cause Order relies are in fact true and accurate and support the actions proposed in the Show Cause Order.
- b. Whether the Commission should approve the use of Southlake's corporate undertaking.

- c. Whether Southlake has attempted to comply with the security requirement of the Initial Order.
- d. What is the correct amount of the security to be provided.
- e. Whether Southlake has violated the Initial Order.
- f. Whether such a violation is a "willful" violation.
- g. If Southlake has violated the Initial Order, whether the proposed \$500.00 per day penalty should be reduced or eliminated and from what date should the penalty run.
- h. Southlake hereby incorporates the issues of material fact set forth in its two petitions for formal hearing filed by Southlake in these two dockets on May 30, 2000.

40. In the event that the Commission finds that Southlake's actions did violate the Initial Order, Southlake alleges that in its actions it sought to comply with the Initial Order, and, therefore, it should not be fined or otherwise penalized.

41. Southlake alleges that it has not violated the Initial Order, and, therefore, it should not be fined or otherwise penalized.

42. The ultimate facts which warrant reversal or modifications of the Show Cause Order are set forth in paragraphs 1 through 28 of this Response and the two petitions for formal hearing filed by Southlake in these two dockets on May 30, 2000.

43. The specific rules or statutes which require reversal or modifications of the Show Cause Order include Sections 120.569, 120.57 and 367.101, Florida Statutes, Chapter 28-106, FAC, and those rules and statutes set forth in the two petitions for formal hearing filed by Southlake in these two dockets on May 30, 2000.

Wherefore, Southlake requests a hearing in this matter pursuant to Section 120.57(1), Florida Statutes (1999).

Respectfully submitted,
MARTIN, ADE, BIRCHFIELD &
MICKLER, P.A.

By: 

James L. Ade
Florida Bar No. 0000460
Scott G. Schildberg
Florida Bar No. 0613990
3000 Independent Square
Jacksonville, FL 32202
Telephone: (904) 354-2050

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original and seven copies of the foregoing Southlake Utilities, Inc.'s Response of Order to Show Cause and Petition for a Hearing, have been furnished to Ms. Blanca Bayo, Director, Department of Records and Reporting, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Betty Easley Building, Room 110, Tallahassee, Florida 32399-0850, by Hand Delivery on this 12th day of September, 2000, and that copies of the foregoing have been furnished to Samantha Cibula, Attorney, Florida Public Service Commission, Legal Division, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, and F. Marshall Deterding, Rose, Sundstrom & Bentley, LLP, 2548 Blairstone Pines Drive, Tallahassee, Florida 32301, by United States Mail this 12th day of September, 2000.


Attorney

Robert Chapman's Chronology

- April 19, 2000** Discussed need for financial analysis with consultant Norman Mears. Mr. Mears stated that he would be unwilling to undertake this work. I requested advice from counsel for an accountant who could determine potential refund liability.
- Week of April 24, 2000** Counsel recommends Guastella and Associates. I made a telephone call to Mr. John Guastella, who agreed in principle to accept the assignment.
- April 30, 2000** Made initial request to Ms. Sally Ballou, First Union National Bank, that First Union provide \$1,000,000 financing to Southlake Utilities.
- May 1, 2000** Met with developer of Sarah's Place and Nelson's Park who agreed to provide financing for whatever refund is determined to be required by providing a term loan to Southlake Utilities collateralized by a 10 year note.
- May 1, 2000** Met with developer of Sunset Ridge who agreed to provide financing for whatever refund is determined to be required by providing a term loan to Southlake Utilities collateralized by a 10 year note.
- May 5, 2000** Met with general counsel of Summer Bay Development who agreed to recommend that Summer Bay provide financing for whatever refund is determined to be required by providing a term loan to Southlake Utilities collateralized by a 10 year note.
- May 5, 2000** Met with Trusten Capital Partners. They do not provide the type of financing we seek.
- May 8, 2000** Signed contract with Guastella and Associates.
- May 9, 2000** PSC issues order PSC-00-0917-SC-WS
- May 9, 2000** Met with Wachovia Bank. They do not provide the type of financing we seek in Florida.
- Week of May 15, 2000** Initiated discussions with Doug Sealy, partner of investment banking firm Prager McCarthy & Sealy for underwriting of \$1,000,000 bond issue for Southlake Utilities.
- May 15-16, 2000** Gary White of Guastella and Associates begins onsite work with Southlake Utilities financial records

May 30, 2000	Filed protest and requests for hearings.
Week of June 5	Telephone discussions with Prager McCarthy & Sealy partners, Ed Bulleit and Kevin Mulshine.
June 7, 2000	Draft agreement and note prepared for attorney for Worthwhile Development
Week of June 12, 2000	Telephone discussions with Publix concerning refund note proposal. Initiated discussions with Florida Choice Bank concerning letter of credit.
June 13-14	Gary White's second two day trip to review Southlake records.
June 19, 2000	Further discussions with Ed Bulliet and Kevin Mulshein of Prager, McCarthy and Sealy concerning financing request.
June 21, 2000	Sent letter to Publix concerning refund note proposal.
June 22, 2000	Staff counsel called with an estimated security amount of \$735,592 which is to be filed on 6/26/2000.
June 26, 2000	Initiated discussions with Mr. Fitzhugh Powell of Cecil W. Powell & Co. for surety bond.
June 27, 2000	Received preliminary commitment from Mr. Fitzhugh Powell of Cecil W. Powell & Co. for surety bond – if we would post 100% of the amount in cash or provide an irrevocable letter of credit.
June 26-27, 2000	Executed and filed a corporate undertaking in favor of Florida Public Service Commission. Received letter from Sally Ballou of First Union indicating bank's interest in proceeding with loan.
June 29, 2000	Received request for additional information from Guastella and Associates. Set meeting for July 19 at Southlake Utilities office with Kevin Mulshine and Ed Bulleitt to proceed with financing.
June 30, 2000	Additional financial information submitted to First Union National Bank. Additional financial information submitted to Florida Choice Bank.

July 2, 2000 Additional financial information submitted to Cecil W. Powell & Co.

July 3, 2000 Telephone discussions with First Union National Bank concerning loan request.

July 5, 2000 Telephone discussions with Derrick Cox, First Union National Bank concerning loan request.

July 6, 2000 Meeting with developer of Worthwhile Development concerning note.

Meeting with Ken LaRoe, President of Florida Choice Bank concerning letter of credit.

July 7, 2000 Met with Derrick Cox, Vice President, First Union National Bank

Met with developer, Worthwhile Development, regarding note.

Met with developer representing High Grove, Maesbury and Colony Homes.

July 10, 2000 Correspondence from developer representing High Grove, Maesbury and Colony Homes.

Provided additional information to Florida Choice Bank

Turned down by Florida Choice Bank.

Provided additional information to First Union

Guastella and Associates reports that it has spent 200 hours on the review and analysis.

July 19, 2000 Meeting at Southlake Utilities site with Prager McCarthy and Sealy regarding SLU selling \$1 to \$2 million in bonds.

July 28, 2000 First Union reports that they are leaning toward a credit of \$200,000, pending receipt of personal and corporate tax returns.

July 31, 2000 Additional conversation with developer of Worthwhile Development.

Status conversation with Kevin Mulshein and with Doug Sealy of Prager McCarthy and Sealy. They indicate that it will be two weeks before they have a recommendation.

**Comparison of Southlake Utilities, Inc. Assets and Debts
(Information from 1999 Annual Report)**

Total Assets	\$4,371,571
Debts	
Long Term Debt	\$ 761,199
Accounts Payable	\$ 184,360
Notes Payable	\$ 280,889
Customer Deposits	\$ 45,604
Accrued Taxes	\$ 144,242
Accrued Interest	\$ 10,163
Other Misc. Current of Accrued Liabilities	\$ 685,894
<u>Prepaid Capacity Charges, Net</u>	<u>\$ 583,670</u>
Total Debts	<u>\$ 2,696,021</u>
Assets in excess of Debts	\$1,675,550